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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/664,403	09/18/2000	Ross H. Cornell	05997.0019-00	4008

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EXAMINER	
ALPERT, JAMES M	

ART UNIT	PAPER NUMBER
3624	

DATE MAILED: 11/16/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	Application No. 09/664,403	Applicant(s) CORNELL, ROSS H.	
	Examiner James Alpert	Art Unit 3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 01 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) ☒ Responsive to communication(s) filed on 30 April 2004.
- 2a) ☐ This action is FINAL.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) ☒ Claim(s) 7-10, 27-70 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☐ Claim(s) \_\_\_\_\_ is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☒ Claim(s) 7-10, 45-48, 27-39 and 31-44, 63-70 and 49-57, 58-62 are subject to restriction and/or election requirement.

#### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)   | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                                   | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)             |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

### **DETAILED ACTION**

This communication is in response to the remarks filed by applicant on April 30, 2004. The examiner withdraws the rejection of January 22, 2004, without specifically addressing the argued deficiencies. Claims 7-10 and 27-70 are currently pending, and these claims are subject to restriction requirement as discussed below

#### ***Election/Restrictions***

Restriction to one of the following inventions is required under 35 U.S.C. 121:

- I. Claims 7-10, 27-30, and 45-48, drawn to a data processing system, a system, and a method for a risk analysis, development and creation/administration of a structured security in class/subclass 705/38.
- II. Claims 63-70 and 31-44, drawn to a product and method relating to a structured security in class/subclass 705/36.
- III. Claims 49-57 and 58-62, drawn to a method and product that structures and restructures a security in class/subclass 705/36.

Inventions I and II are related as subcombinations disclosed as usable together in a single combination. The subcombinations are distinct from each other if they are shown to be separately usable. In the instant case, invention I relates to a method and system for adding value to mortgage-backed securities, the method comprising: identifying one or more pools of mortgage securities; identifying one or more pools of interest-rate derivatives; analyzing risk elements and economic variables associated with cash flows coming from the one or more pools of mortgage securities and the one or more pools of interest-rate derivatives; strategically allocating cash flows from the

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one or more pools of mortgage securities and cash flows from the one or more pools of interest-rate derivatives to create classes of investment securities which define a new set of investment securities that overcome an artificial leverage limitation in the mortgage securities, at least one class combining cash flows from the one or more pools of interest-rate derivatives and cash flows from the one or more pools of mortgage securities; and issuing the new set of investment securities. In contrast, invention II relates to product and method of using swaps and other derivative components to combine with mortgage-pool components to create a new security, the method comprising identifying swap cash flows having notional principal specifications that can be combined with mortgage pool component cash flows; structuring the swap cash flows and mortgage pool component cash flows in a securities structure that creates greater total economic value than a securities structure having mortgage pool component cash flows alone; and issuing the structured securities. See MPEP § 806.05(d). Because these inventions are distinct for the reasons above, and the search required for Group I is not required for Group II, restriction for examination purposes as indicated is proper.

Inventions I and III are related as subcombinations disclosed as usable together in a single combination. The subcombinations are distinct from each other if they are shown to be separately usable. In the instant case, invention I relates to a method and system for adding value to mortgage-backed securities, the method comprising: identifying one or more pools of mortgage securities; identifying one or more pools of interest-rate derivatives; analyzing risk elements and economic variables associated

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with cash flows coming from the one or more pools of mortgage securities and the one or more pools of interest-rate derivatives; strategically allocating cash flows from the one or more pools of mortgage securities and cash flows from the one or more pools of interest-rate derivatives to create classes of investment securities which define a new set of investment securities that overcome an artificial leverage limitation in the mortgage securities, at least one class combining cash flows from the one or more pools of interest-rate derivatives and cash flows from the one or more pools of mortgage securities; and issuing the new set of investment securities. In contrast, invention III relates to a method and product for creating a structured security and restructuring classes therein, the method comprising: A method for creating investment securities, the method comprising: creating a securities structure backed by mortgage pool components in accordance with regulatory structuring constraints, the securities structure having one or more classes of securities, at least one class being subject to an artificial leverage limitation under the regulatory structuring constraints because it is designated for absorbing prepayment risk; restructuring one of the at least one class designated for absorbing prepayment risk to overcome the artificial leverage limitation by combining it with at least one cash flow coming from interest-rate derivative components and issuing the structured securities. See MPEP § 806.05(d). Because these inventions are distinct for the reasons above, and the search required for Group I is not required for Group III, restriction for examination purposes as indicated is proper.

The remaining pairing of inventions relate as sub combinations disclosed as usable together in a single combination. These inventions are distinct from each other

as can be evident from the definition of the groups described above. In addition, they require separate searches, and hence restriction of these inventions for examination purposes as indicated is proper.

***Applicant is advised that the reply to this requirement to be complete must include an election of the invention to be examined even though the requirement be traversed (37 CFR 1.143).***

***A shortened statutory period for response to this action is set to expire 0 (zero) months and 30 (thirty) days from the mail date of this letter. Failure to respond within the period for response will result in ABANDONMENT of the application (see 35 U.S.C 133, M.P.E.P 710.02, 710.02(b)).***

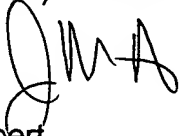
#### **Conclusion**

Any inquiry concerning this communication or earlier communications from the examiner should be directed to James Alpert whose telephone number is (703) 305-4001. The examiner can normally be reached on M-F 9:00-5:30. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you

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have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

  
James Alpert  
November 12, 2004



VINCENT MILLIN  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER 3600